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ACCOUNTING AND ANALYTICAL SUPPORT FOR KPI-BASED CONTROL OF SYNERGY REALIZATION FOLLOWING A CHANGE IN ENTERPRISE OWNERSHIP

A change in enterprise ownership does not end with the transfer of corporate rights or the recognition of an acquisition in accounting records. After control is transferred, the new owner must determine whether the acquired enterprise achieves the results underlying its valuation and whether the expected synergies included in the transaction price are realized.

Expected synergies may include additional revenue, lower administrative and operating expenses, access to new markets, improved asset utilization, better financing terms, and shared technologies. However, expected synergy is not equivalent to an economic benefit already achieved. Its realization requires organizational changes, managerial actions, integration costs, and time.

The purpose of this research is to substantiate accounting and analytical support for monitoring post-acquisition synergy realization through key performance indicators.

Under IFRS 3 “Business Combinations,” an acquirer recognizes identifiable assets and liabilities, goodwill, or a gain from a bargain purchase [1]. Goodwill may include expected synergies, reputation, customer relationships, and technological advantages. Therefore, the assumptions underlying goodwill and the acquisition premium should be monitored after the transaction. Failure to achieve expected performance may also indicate the need to test goodwill for impairment under IAS 36 [2].

Accounting and analytical support for this process should combine financial accounting, management reporting, budgets, the transaction’s financial model, KPI monitoring, and MIS/ERP data. Each assumption included in the valuation should be converted into a measurable indicator.

For each KPI, the enterprise should determine a baseline, target value, actual result, acceptable deviation, data source, reporting frequency, and responsible manager. This transforms general expectations into specific monitoring tasks.

Table 1

Key performance indicators for monitoring post-acquisition synergy realization

KPI group	Indicators	Monitoring purpose
Profitability	EBITDA, EBITDA margin, EBIT, net profit	Assessment of operating efficiency
Cash flows	Operating cash flow, FCF, EBITDA-to-cash conversion	Verification of actual cash generation
Working capital	NWC, DSO, DPO, inventory turnover	Identification of additional financing needs
Synergies	Incremental revenue and cost savings	Measurement of integration benefits
Integration costs	IT, personnel, legal and consulting expenses	Determination of the net synergy effect
Asset quality	Doubtful receivables, obsolete inventories, impairment indicators	Identification of overstated asset values
Information quality	Reporting timeliness and number of adjustments	Assessment of data reliability

Source: developed by the author

The baseline should reflect the enterprise's possible development without a change in ownership. Revenue growth after an acquisition may result from inflation, market development, exchange-rate fluctuations, or seasonality rather than synergy realization. Consequently, the integration effect should be compared with a stand-alone scenario rather than only with previous-period results.

The net synergy effect should include additional revenue and cost savings less integration expenditures. Such expenditures may relate to information systems, accounting policy alignment, legal procedures, restructuring, consulting, employee retention, and staff training. If integration costs exceed the benefits achieved, the enterprise's actual investment value to the new owner may be lower than expected.

The monitoring process should include several stages:

1. Comparison of the enterprise's actual condition with due diligence information [3].
2. Alignment of accounting policies and management reporting.
3. Approval of KPIs, target values, and responsible managers.
4. Integration of accounting and analytical data into MIS/ERP.
5. Regular variance analysis and corrective managerial decisions.

Special attention should be given to key personnel because the loss of employees possessing critical knowledge, technologies, or customer relationships may reduce the expected acquisition benefits [4]. Responsibility for every synergy initiative should therefore be assigned to a specific manager, with a defined deadline, budget, and result-verification procedure.

Management reporting should be directly linked to the transaction's financial model. If the purchase price was justified by EBITDA growth, the actual EBITDA and its conversion into cash flow should be regularly compared with planned values. If cost savings were expected, they should be verified using data from relevant cost centers. This approach prevents the double counting of synergies and the attribution of ordinary operating results to integration measures [5].

Thus, post-acquisition synergy monitoring should integrate financial accounting, management reporting, budgeting, KPI analysis, and information systems. The proposed approach links the enterprise valuation on the acquisition date with its actual performance after the transfer of control. It allows the new owner to identify deviations, measure the net economic effect of integration, assess asset quality, and make decisions aimed at preserving and increasing enterprise value.

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